

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 181617Z DEC 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3526

LIMITED OFFICIAL USE ALGIERS 3616

E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: COMPLETION OF ARZEW LNG PLANT

REF: ALGIERS 3321

1. SUMMARY: GENERAL TIRE HAS REPORTEDLY ORDERED ITS SUBSIDIARY, CHEMICO, TO GIVE ITS FULL COOPERATION TO SONATRACH IN COMPLETION OF ARZEW LNG PLANT. UNEXPLAINED SHIFT IN POLICY WILL ALLOW REPLACEMENT COMPANY TO MAKE MORE RAPID PROGRESS ON LNG PLANT. END SUMMARY.

2. CHEMICO, FORMER CONSTRUCTION CONTRACTOR FOR AN LNG PLANT IN ARZEW, HAS APPARENTLY DECIDED TO EXTEND ITS FULL COOPERATION TO SONATRACH. ACCORDING TO JOSEPH WILSON, PRESIDENT OF CONSULTING FIRM OF IN-O-VEN, CHEMICO SIGNED AN AGREEMENT WITH SONATRACH IN NEW YORK DECEMBER 11 PLEDGING FULL COOPERATION. UNDER TERMS OF AGREEMENT, CHEMICO WILL SURRENDER TITLE TO AND PROMPTLY SHIP ALL LNG PLANT EQUIPMENT NOW IN ITS POSSESSION. CHEMICO WILL ALSO CONTINUE TO HANDLE ACCOUNTS ON ALL EQUIPMENT BEING

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CONSTRUCTED IN THE US FOR ARZEW PLANT. DESIGNS WILL

ALSO BE TURNED OVER TO SONATRACH, AND THERE IS ALSO
POSSIBILITY THAT CHEMICO MAY GET A SMALL CONTRACT
FOR COMPLETION OF DESIGN WORK FOR CERTAIN PARTS OF LNG
PLANT.

3. ASKED WHAT ACCOUNTED FOR THIS SUDDEN SHIFT IN POLICY
FROM CHEMICO'S PREVIOUS HARD LINE POSITION (REFTEL),
WILSON SAID CHEMICO'S PARENT, GENERAL TIRE, HAD
PERSUADED CHEMICO BECAUSE SONATRACH HAD PERSUADED
GENERAL TIRE. WILSON DECLINED TO BE MORE FORTHCOMING.
HE DID SAY, HOWEVER, THAT ARBITRATION PROCEDURE BEFORE
INTERNATIONAL CHAMBER IN SWITZERLAND WAS CONTINUING
AHEAD, ALTHOUGH A SUIT AGAINST CHEMICO IN US COURTS HAD
BEEN DROPPED.

4. BECAUSE OF CHEMICO'S COOPERATION, WILSON SAYS
SONATRACH WILL REVERT TO FORMER PLAN FOR COMPLETING
TRAINS ONE THROUGH SIX AT 2-3 MONTH INTERVALS. THIS IS
SHIFT FROM NEWER PLAN THAT WOULD HAVE CONCENTRATED
ATTENTION ON TRAINS ONE THROUGH THREE IN ORDER TO GET
AROUND CHEMICO'S WITHHOLDING OF KEY EQUIPMENT.

5. WILSON SEEMED PLEASED WITH PROGRESS THUS FAR IN
CHOOSING REPLACEMENT COMPANY. SECOND ROUND OF TALKS WITH
SOME US CONSTRUCTION COMPANIES WAS UNDERWAY DEC. 17-18,
HE NOTED. LUMUS, STONE AND WEBSTER, FLUOR, AND FOSTER--
WHEELER WERE REPORTEDLY ENGAGED IN THESE TALKS. PROCON,
BECHTEL, AND KELLOGG ARE REPORTEDLY ALSO STILL IN
CONTENTION.

6. COMMENT: ALTHOUGH EMBASSY HAS NO SOLID INFORMATION
ON HOW SONATRACH PERSUADED GENERAL TIRE TO BRING
CHEMICO AROUND, ONE POSSIBILITY OCCURS TO US.
SONATRACH HAS LONG PLANNED TO BUILD A TIRE MANUFACTURING
PLANT IN ORAN AREA. A CONTRACT OF THIS SIZE WOULD
CERTAINLY BE OF INTEREST TO GENERAL TIRE. REGARDLESS OF
REASON, HOWEVER, CHEMICO'S COOPERATION WILL CERTAINLY ALLOW
FASTER PROGRESS BY REPLACEMENT FIRM CHOSEN TO COMPLETE
LNG PLANT.

PARKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, LPG, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER03616
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750440-0867
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751230/aaaaazps.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ALGIERS 3321
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2003 by KelleyW0>; APPROVED <13 AUG 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMPLETION OF ARZEW LNG PLANT
TAGS: ENRG, EIND, AG, CHEMICO, SONATRACH
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006